

Message Text

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ORIGIN EB-08

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TO AMEMBASSY BONN PRIORITY

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E.O. 11652: N/A

TAGS: EAIR, GW

SUBJECT: CIVAIR - GERMAN DENIAL OF PAN AM TARIFFS AND
FLIGHTS

1. PAN AM HAS RECEIVED TELEX FROM PAAS WHICH IN EFFECT
DISAPPROVES PASSENGER TARIFFS FILED BY PAN AM FOR EFFECTIVE-
NESS APRIL 1. SUBSTANTIVE PORTION OF TELEX READS AS
FOLLOWS:

QUOTE. FIRST REVIEW OF YOUR APPLICATION SHOWS THAT YOUR
TARIFF CONCEPT DOES NOT AGREE WITH THAT SUBMITTED BY
LUFTHANSA. IN PARTICULAR IT CONTAINS THE BUDGET TARIFF NOT
VALID FOR TRAVEL TO THE FRG AND WITHOUT STATING CONDITIONS
AND DM FARES. A BARIG CONVERSION RATE FOR USD HAS NOT BEEN
APPLIED FOR NOR WAS IT APPROVED. THE EXPLANATION OF
VARIANCES TO THE LUFTHANSA TARIFFS REQUESTED IN MY CABLE OF
FEB 23RD IS MISSING. IT IS EVIDENT THAT HERE NO CONSIDER-
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ATION WAS GIVEN TO TARIFFS CALCULATED BY OTHERS AS REQUESTED
IN ARTICLE 11 OF THE AGREEMENT. IT PROVIDES FOR COORDINA-
TION WITH LUFTHANSA AND OTHER COMPANIES. SHOULD US LAWS
PROHIBIT SUCH COORDINATION, IT IS YOUR OBLIGATION TO SEEK
POSSIBLE EXCEPTIONAL PERMISSION FROM THE CAB. WE URGENTLY
RECOMMENDED TO DO THIS IMMEDIATELY AND TO HOLD COORDINATING
DISCUSSIONS WITH LUFTHANSA PRIOR TO APRIL 1ST. I SEE NO

POSSIBILITY FOR A REDUCTION OF THE 30 DAY APPLICATION PERIOD REQUIRED PER ARTICLE 11 PARA B OF THE AGREEMENT. FURTHER I ASK TO POINT OUT IN YOUR PUBLICATIONS THAT GOVERNMENT APPROVAL FOR YOUR TARIFFS HAS NOT YET BEEN RECEIVED. UNQUOTE.

2. A SECOND TELEX READS AS FOLLOWS:

QUOTE. FURTHER TO MY REFERENCED CABLE FROM MARCH 9TH I ADVISE YOU THAT I HAVE NOT YET DECIDED ON THE TARIFFS APPLIED FOR BY YOU. I ASK THEREFORE TO CEASE AND DESIST FROM ANY PROMOTION AND SALES OF THE NORMAL APEX TARIFF AND THE BUDGET TARIFF SINCE THEY DIFFER FROM THOSE SUBMITTED BY LUFTHANSA.

HOWEVER, I AGREE TO THE SALE OF THE SUPER APEX WITH THE CONDITION CLN SUBJECT TO GOVERNMENT APPROVAL.

I ASSUME THAT DLH MAY ALSO SELL THIS SO CALLED HOLIDAY TARIFF IN THE USA. UNQUOTE.

3. PAN AM HAS BEEN ADVISED THAT ITS SCHEDULE CHANGES APPROVED WITH FOLLOWING RESTRICTIONS:

A. IN VIEW ADDED CARRIERS TW/NA IN 3RD/4TH FREEDOM TRANS-LIMITED OFFICIAL USE

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PORTATION, EXCESS CAPACITY IN CONFLICT WITH DEMAND AND NEEDS TO BE REGULATED.

B. USE OF CHANGE OF GAUGE FROM FRANKFURT EAST NOT IN LINE WITH AGREEMENTS AND NO OPPORTUNITY FOR RECIPROCITY.

C. FRANKFURT-BELGRADE NOT JUSTIFIED BY TRANSIT TRAFFIC US-BELGRADE BUT PREDOMINANTLY CARRYING 5TH FREEDOM. INCREASE TO THREE FLIGHTS WEEKLY NOT APPROVED.

D. FRANKFURT-TEHRAN CARRIES 40 PERCENT VERSUS LH ONLY 25 PERCENT OF MARKET. ALSO LESS EX-US THAN FIFTH FREEDOM TRAFFIC. REDUCTION OF ONE B-747 WEEKLY DIRECTED.

E. FRANKFURT-HONG KONG. SINCE LH BOUND TO ITS AGREEMENT WITH BRITISH AIRWAYS MAY ONLY OPERATE SIX DC-10 WEEKLY, PA DIRECTED TO REDUCE BY ONE B-747 WEEKLY.

4. DEPT REGARDS MOST OF FOREGOING, AND PARTICULARLY DISAPPROVAL PA SCHEDULES, AS BLATANT VIOLATION OF AIR TRANSPORT AGREEMENT. EMBASSY SHOULD PROTEST THESE ACTIONS IMMEDIATELY TO PAAS AND TO FOREIGN MINISTRY. BURDEN OF

MESSAGE SHOULD BE THAT IF FRG PERSISTS IN THESE ACTIONS
AND OTHER TROUBLESOME SIGNS (SUCH AS ASKING US FOR

DECLARATION REGARDING RECIPROCITY FOR NATIONAL AIRLINES
NEW SERVICES), TWO COUNTRIES ARE BOUND TO HAVE CONFRONTA-
TION SINCE US COULD NOT REFRAIN FROM TAKING COMPENSATING
ACTION WHEN A FOREIGN GOVERNMENT DISREGARDS ITS INTER-
NATIONAL OBLIGATIONS.

5. FYI. WE HAVE DETECTED FROM OTHER REPORTS THAT GERMANS
MAY INDEED HAVE DECIDED TO TEST HOW FAR IT CAN GO IN
HARASSING US AIRLINES AND CHALLENGING BILATERAL AGREEMENT,
SOMEWHAT IN SAME MANNER AS UK DID BEFORE DENOUNCING IN
1976. WE BELIEVE IT IS TIME TO TAKE A STRONG STANCE.
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END FYI. VANCE

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